

Bank of Santa Barbara touts growing deposits

By RAY ESTRADA – May 22, 2010

Five months after being acquired by South Coast investors, the Bank of Santa Barbara announced this week its deposits have grown by 73 percent.

The key to the turnaround, said bank Chief Executive Officer Eloy U. Ortega, was acquiring the financial institution's relatively small loan portfolio and cautiously building it back up.

"We have money to lend, but we're being careful about it," he said in an interview with the Daily Sound. "The significant growth of the bank during the past five months was driven by the community support of the local business leaders and philanthropists that acquired control of the bank last November."

The bank CEO said it has gained more depositors because of the reputations of the investment group members that acquired the bank from Capitol Bancorp, a national, multibillion-dollar bank holding company based in Lansing, Mich.

Members of the investment group led by Ortega include philanthropists Tim and Bernie Marquez, the Hutton Foundation and the Orfalea Family Foundation.

Capital Bancorp should not be confused with Santa Barbara-based Pacific Capital Bancorp, which is the parent of Santa Barbara Bank & Trust and several other Central Coast institutions. Pacific Capital is in negotiations that would pave the way for Texas banker Gerald J. Ford to buy 91 percent of the company's stock for \$500 million prior to a Sept. 8 deadline set by federal regulators.

Ortega said Bank of Santa Barbara core deposits are growing to more than \$61 million, which he says is very pleasing. Total deposits at March 31 are more than \$73 million; total assets increased during the first quarter to more than \$85 million, 17.7 percent over Dec. 31, and 52 percent over Sept. 30, bank officials said in news release.

The investor group recapitalized the bank and increased tier 1 capital from to 9.6 percent at the end of 2009. A minimum of 6 percent is the regulatory standard for "well capitalized" and just completed a secondary offering that increased tier 1 capital to a very strong 17.3 percent, bank officials said.

"The bank is well positioned with strong capital, high liquidity, and an experienced team of local bankers" Ortega said. "We are investing in the latest technology and by mid-year, will have the most sophisticated electronic banking services available."

Ortega said the bank is "poised to achieve the vision of management and investors – simply, we want to be the Bank of Santa Barbara."

A South Coast resident since 1991, Ortega has worked as president and chief operating officer of City Commerce Bank and as the founding president and CEO of Business First National Bank.

The Bank of Santa Barbara headquarters is at 12 E. Figueroa St. For more information call (805) 730-7860 or visit www.bankofsantabarbara.com.